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Maria Makri, Dimitrios Dalaklis, Adriana Ávila-Zúñiga-
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Terrorist financing and economic consequences of terrorism: the case of Irish Republican Army (IRA)

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Maria Makri, Hellenic Coast Guard Commander, MA in Applied Strategy & International Security (University of Plymouth)

Dimitrios Dalaklis, Professor, (Safety & Security), World Maritime University (WMU), Malmö-Sweden

Adriana Ávila-Zúñiga-Nordfeld, PhD (Law, Policy and Security), Associate Senior Lecturer Swedish Defence University (SEDU), Stockholm-Sweden

Abstract: Terrorism, which as a term defies a very clear definition, is not a newborn phenomenon. And although it is ubiquitous in all societies, its sources or motives -as well as related methods- vary greatly over time and space. The Irish Republican Army (IRA) constitutes a typical example of the anticolonial wave terrorist groups struggling for self-determination after the collapse of empires in the twentieth century. As such, it belongs to the so-called “old” or traditional terrorism as opposed to al Qaeda or ISIS, which represent what

are said to be “new” terrorist groups.

The reasons that prompted the rise and development of the IRA as a terrorist group and its key characteristics have been much discussed in the related literature. The strengths of the IRA, that is the factors that made it long-lasting and successful, as well as its shortcomings along with their potential effects have been adequately researched. Similarities and differences between the IRA and other terrorist groups, especially in the light of their core values, their followed strategies and the nature and effectiveness of counter-strategies on governmental level have also been well recorded in the terrorism literature. Even though there exist a few studies focusing on the economic repercussions of terrorism, the economics of the IRA both from the input (terrorist financing) and the output (economic consequences of terrorism) side do not seem to have attracted much attention. This paper aims to explore the economic impact of the IRA by employing an input-output approach. Desk research was used to gather and analyze data from various sources, such as books, journals, reports and relevant websites.

The results suggest that more recent literature points to a plethora of non-US fund-raising mechanisms for the IRA, contrary perhaps to the popular history or early studies on the subject. The results also indicate that the IRA, with its use of violence, negatively affected in multiple ways the British

economy and, even more, that of Northern Ireland, not to mention that of the Irish Republic. The results are discussed in terms of three types of economic impact, namely direct, indirect (or, intangible/secondary) and “other” costs of the IRA terrorist attacks, always bearing in mind the short-run versus long-run perspectives.

Keywords: terrorist groups; (Provisional) Irish Republican Army-(P)IRA; terrorist financing; economic consequences of terrorism; economic impact of terrorism.

Introduction

Terrorism as a phenomenon is by no means nothing new as it dates back to biblical times, although the term itself originates with the French Revolution. Not only does it have a history spanning several centuries, but it is also ubiquitous in a very extended number (to avoid using the term “all”) of societies. Yet, its sources vary greatly over time and space. It sometimes grew out of personal benefit motives, such as expanding one’s property. On other occasions, different motives (like religious, ethnic, political and economic ones) seem to have prevailed. Besides, the methods of terrorism differ. The primitive means initially employed have evolved over the years into utilizing very diverse weapons, most of them highly destructive.

With the end of World War II there was a flare-up of terrorist activity after the collapse of empires. The Irish Republican Army-IRA constitutes a notable example of terror used in anticolonial conflicts. As such, it belongs to the so-called “old” or traditional terrorism. Following the 9/11 attacks on the World Trade Centre and the Pentagon in USA a new age of terrorism seems to have been manifested/declared, implying that the nature of terrorism had changed and, thus, classic counterterrorist measures appeared inapplicable to the new circumstances. Modern militant Islamic terrorist groups, such as al Qaeda or ISIS, are thought to be of the most important representatives of “new” terrorism.

While the rise and development of the IRA as well as its comparative analysis with other terrorist groups have been widely discussed in the related literature, there is limited examination of the economic repercussions of terrorism, particularly regarding the economic impact of the IRA. This research effort aims to critically examine the economics of the IRA both from the input (financing) and the output (consequences) side. It explores the various fund-raising mechanisms for the IRA along with the different types of short-/long-term costs of its attacks. Secondary data from a wide range of bibliographic resources was also utilized.

The content is organized as follows: Section 1 presents an

overview of the concept of terrorism and its evolution. Section 2 examines terrorist financing mechanisms and the economic consequences of terrorism in general. Section 3 focuses on IRA, by evaluating the reasons that prompted its emergence as a terrorist group, simultaneously stressing its strengths and weaknesses. Section 4 offers a critical analysis of the economic impact of the IRA by employing an input-output approach. The conclusions sum up the most important insights of the research.

Definition and evolution of terrorism

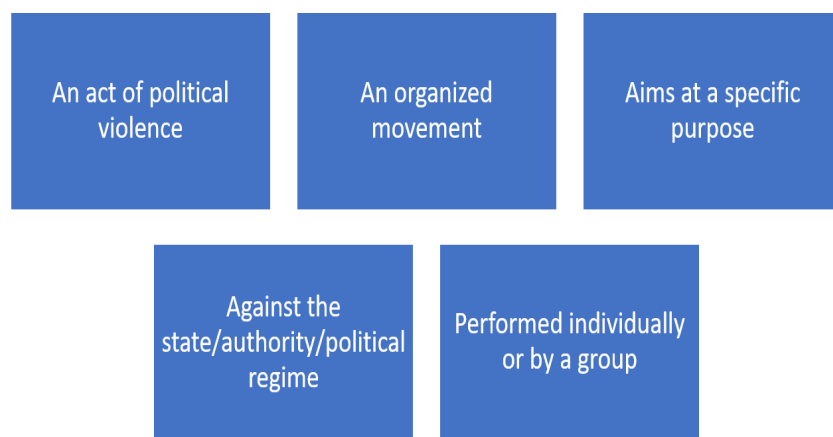
Seeing that “the investigation of word meaning is the beginning of wisdom”, according to a famous quote from Antisthenes (an ancient Greek philosopher), the exploration of key concepts is of paramount importance. Notwithstanding the lack of consensus on what terrorism is (Cronin, 2003), Professor Ganor, from his unmistakably Israeli perspective, proposes the following definition of terrorism:

“the intentional use of, or threat to use, violence against civilians or civilian targets, in order to attain political aims” (Ganor, 2002).

Some general features of terrorism, on grounds of modus operandi and target of attack, are summarized in Figure 1. Therefore, a terrorist group is often seen as a subnational organization seeking to obtain a political goal by intimidating an audience through employing or threatening to use violence. Hence, every terrorist organization tries to erode the sense of

unity in a political society (Baysoy, Akpinar, 2021).

Fig. 1. Some general features of terrorism according to Baysoy, Akpinar, 2021, 18.



Source: Created by the authors

The definitional dilemma is exemplified by the fact that there is no accepted international convention for distinguishing terrorism from urban guerilla warfare (Ganor, 2002). In any case, two issues seem to have hampered definitional debates over the years: the “state actors versus non-state actors” dilemma and the “freedom fighters versus terrorists” controversy (Scremin, 2020). It can be inferred that the quest for a satisfactory definition of terrorism seems to parallel the search for the ‘Holy Grail’ (Greene, 2017:2). In his recent

comprehensive work, Greene (2017), Lecturer in Law, has offered a critique of the UK single definitional approach to terrorism in favor of a multi-definitional one, which has significant advantages for the rule of law. Besides, the lack of a common definition of terrorism hinders effective international cooperation among states with regard to criminal matters, especially information and intelligence sharing as well as extradition of detained terrorists (Scremin, 2020).

Modern terror began in Russia in the 1880s (Rapoport, 2013). According to Rapoport's (2004) cornerstone four waves of terrorism theory, which has been widely appraised but also harshly criticized (Kaplan, 2021; Parker, Sitter, 2016), terrorist activity can be classified into distinct cycles or "waves", stimulated by dramatic unanticipated political events and driven by a common predominant feature. Each wave is estimated to have lasted about a generation, a time frame in which specific dreams inspiring parents/creators lose their attractiveness for their offspring/inheritors (Rapoport, 2013); main characteristics of these four waves are presented in Table 1. Of course, there remain cases where a terrorist group defies easy classification and where groups outlive their (respective) wave. Both Rapoport (2013), one of the very influential figures in the field of terrorism studies, and the American academic Kaplan (2021) assert that ethnicity and the radical right will constitute the next

wave of terrorism, given the world's enormous economic difficulties.

Table 1. Main features of the “four waves of terrorism” according to Rapoport (2013) and Kaplan (2021).

	Name	Time span*	Political reason	Modus operandi	Most important groups
1	Anarchists	1880s-1920s	failure of a democratic reform program; attempt to overthrow governments viewed as corrupt	assassination of prominent officials because of holding a public office	Narodnaya Volya (=the people's will) in Russia
2	Anti-Colonialists	1920s-1960s	struggle for (national) self-determination	-guerilla tactics (“hit and run”) -police became primary	-IRA (against British colonial rule) -FLN (in

				targets -“terrorist” as “freedom fighter” -diaspora support	Algeria, against French colonial rule) -IRGUN (in Israel/Pales tine, anti- Arab, against the British) -EOKA (fighting to unify Cyprus with Greece) -ETA (in the Basque Country)
3	New Left Wave	1960s- close of century	egalitarianism ; groups in the “developed”	1. host age takings/hij ackings	-Viet Cong -PLO -American Weather

			world as vanguards for the masses of the Third World; terrorism as an ingredient of the Cold War	2. assassinations justified as “punishments”	Underground -German Red Army Faction -Italian Red Brigades -Japanese Red Army -French Action Directe -ANC (South Africa)
4	Religious Wave	1979-2025?	anti-democratic spirit; religion as an alternative legitimating principle; establishment of religious	suicide bombing, hostage takings, assassinations, “lone wolf” strikes	-(secular) Tamil Tigers (Sri Lanka) -Sikhs (India) -Jewish Terrorists (Israel)

			states (Islam at the heart of the wave)		-Aum Shinrikyo (Japan) -Lord's Resistance Army (Africa) -Boko Haram (Nigeria) -Christian terrorists associated with radical right support (USA) -Shiite terror movements outside of Iran (eg. Hezbollah) -Sunni
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					terrorism in Africa & Asia -al-Qaeda - Hamas (Palestine)
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*approximately

Source: Created by the authors

It is worth to clearly highlight that there are other terrorist typologies identified within the related academic literature, as summarized below, with the help of Table 2. One might wonder whether there is causal relationship between underlying socio-economic/political and demographic conditions, such as poverty or education, and terrorist activity.

Newman's (2006) seminal, though tentative, root cause analysis model, which relates permissive conditions, direct grievances and catalytic causes in the explanation of terrorism sheds light on the fact that neither permissive nor direct root causes are alone effective in explaining terrorism. Instead, according to the aforementioned political scientist, terrorism may not exist in environments of acute material deprivation, but rises out of perceptions of inequality and humiliation.

By contrast, Freytag et al. (2011) found that socio-economic variables indeed matter to terrorism. Laquer, an influential scholar on political violence, insists that terrorism is least survivable in states with effective dictatorships (Laquer, 1987). Instead, anocracies, not democracies, appear to provide the most favorable environment for terrorism (Gaibulloev, Sandler, 2019).

Table 2. Other terrorist typologies according to Cronin, 2003; Wright, 2007; Berkebile, 2017; Boyle, 2017; Finn, Momani, 2017.

Criteria of categorization	Varieties/genres	Remarks
Source of motivation	<ul style="list-style-type: none"> • ethnonationalist/separatist • left-wing • right-wing • religious or 'sacred' 	Not perfect categories; even though mixed motivating ideologies may be prevalent in most groups, usually only one ideology dominates
Matching nationality relationships among perpetrators, victims & attack location	<ul style="list-style-type: none"> • domestic • transnational 	Domestic terrorism comprises the vast majority of attacks worldwide
Actors	<ul style="list-style-type: none"> • state terrorism (visible violence) 	1. State terrorism differs from non-state terrorism in

	<p>perpetrated by the agents of an autocratic regime against its own citizens which intends to eradicate opposition)</p> <ul style="list-style-type: none"> • non-state (designed to persuade the state to alter its policies) • individuals 	<p>relation to not only scale but also tactics and aims.</p> <p>2. Both state and non-state terrorism are in practice two sides of the same coin, if instrumentalization of victims and fear management are considered.</p>
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Source: Created by the authors

But how does this “new kind of terrorism”, a concept coined by academia/analysts in the 1990s, differ from the “old” one? Professor Harmon (2000) points out that the end of the Cold War may have ended support from some former government sponsors of terror, but it also sparked regional and domestic tensions that can generate terrorism. Meanwhile, terrorist organizations, which benefited from the effects of globalization with the end of Cold War period, have undergone quite significant transformations (Karaağaç, 2021). This can be mostly evaluated through the al-Qaeda and ISIS organizations,

the most typical representatives of militant Islamic groups throughout the world carrying out their terrorist acts under the name of “jihad” or holy war, that is aiming at spreading Islam’s power worldwide by whatever means necessary (Karaağaç, 2021).

Basic features of this “new” terrorism are summarized via Table 3, by employing an analytical framework of five primary factors, from which the nature of a terrorist group’s strategy can be inferred. In sum, new generation terrorism is marked by different motives, actors, victims, sponsors perhaps, greater lethality and a flatter, less hierarchical structure, capable of forming a matrix with other organizations. Nonetheless, Professor Gofas, based on an awful lot of academics with a similar line of argumentation as his, questions the analytical value of “new” terrorism by supporting the evolution of terrorist practices and behaviors, rather than a revolutionary change (Gofas, 2012).

Table 3. “Old” vs. “new” terrorism according to Kometer, 2004; Stepanova, 2008; Gofas, 2012; Baysoy, Akpınar, 2021; İrdem, 2021; Karaağaç, 2021; Mroszczyk, Abrahms, 2022.

	“Old” Terrorism	“New” Terrorism
Organizational structure	mostly strong traditional/formal hierarchical command and control structures	mostly loosely organized networks; (more accurately, mixed/hybrid/multi-level structure with features not typical of the main known organizational forms; more diffuse and amorphous)
Operational range	mostly restricted within the home region; goals limited to a more localized context	perpetrators (who could possess a high educational level) act mostly internationally; global/unlimited goals
Motives	political/nationalist ideology (secular radical socio-revolutionary ideas); coercion to change the	largely religious fanaticism-fundamentalism (in order to gain the appreciation of God;

	policies of another political body	“martyrdom for faith”); revision of the global status quo & establishment of a new (religious) world order
Tactics	restrained violence: <ul style="list-style-type: none"> • targets chosen mostly symbolically (usually prefer not to harm people except their targets) • face-to-face interactions among friends and family 	extreme violence and asymmetrical actions: <ul style="list-style-type: none"> • access to WMD; target of maximum death/harm; possibility of multiple operations simultaneously • targets chosen randomly without sensitivity to selection of victims • leverage technological developments (“deep internet”, social media for propaganda) • excessive use of “lone wolf”

		tactics (e.g. suicide bombing)
Attitude towards Westphalian system	system-affirming (?)	system-threatening (?)

Source: Created by the authors

Crenshaw, one of the pioneers in terrorism studies, emphasizes that defining jihadist terrorism as “new” constitutes an effective way of framing the threat in order to mobilize major policy change, counterterrorism strategies included (Crenshaw, 2008). Indeed, as the prominent scholar Castro Sánchez (2017) puts it, the “old models”, that is the security policies and tools of the twentieth century, are not working in the “new times”, as they were created to confront more traditional security threats. Crenshaw (2008) states that the conception of “new” terrorism offers a convenient justification for the global war on terrorism, an expression used to describe the American-led global counterterrorism campaign launched in response to the 09/11 terrorist attacks.

Accordingly, the Turkish Professor Kurtulus (2012) describes the emergence at the beginning of the twenty-first century of a

new form of counterterrorism in the US and Israel that is ideological-religious, networked, increasingly lethal and extra-judicial. Yet, Dr. Rothstein (2022) has recently concluded that American military culture is not friendly to the ways and means necessary for irregular warfare, which becomes viable as an option only after it becomes clear that waging war the “American way” is not possible. Also, many counterterrorist policies have unintended negative consequences for reasons explained by Gaibullov, Sandler (2019).

The economics of terrorism

Terrorist financing, whose synopsis is presented in Table 4, involves diverse methods to generate and transfer funds for extremist activities or the running costs of the organization. Apart from state sponsoring, which may not always be helpful to terrorist groups (Carter, 2012), these include intellectual property crime (US House of Representatives, 2003), “grey area” activities like diaspora support and charities, fraudulent businesses, front companies, and money laundering as well as “dark economy” activities such as kidnapping for ransom, smuggling, bank robberies, drug/organ/arms trafficking, oil theft, forgery, high-sea piracy, and extortion, not to mention cyber-crimes, namely identity theft and credit card fraud or even cryptocurrency crimes (Clarke, 2015; Aliu et al., 2017; US

House of Representatives, 2022; Vârtei, 2023). Thus, the Internet can be viewed as playing a pivotal role in financing terrorist operations (Tierney, 2018). Terrorists exploit both established financial systems and informal networks to move money globally, with the latter being almost impossible to be monitored (Aliu et al., 2017).

Table 4. Five models of financial resources of terrorists according to Aliu et al., 2017.

	Sources of terrorism financing
1	State funding model
2	Popular support model
3	Entrepreneur model
4	Model of criminal proceeds
5	Model of cybernetic financing

Source: Created by the authors

The complex nature of terrorist financing encompasses various actors, including cartels funding jihadist endeavors, driven by material wealth and religious ideology, among which black-collar criminals are to be found (Vârtei, 2023). Possible countermeasures range from wiretaps, electronic surveillance, financial sanctions and account freezing to interagency task

forces targeting criminal organizations across the globe through transnational cooperation (Marron, 2008; Clarke, 2015).

Because of the influence of the black economy in a globalized world, the fight against terrorist financing requires a multifaceted approach, including behavioral analysis of terrorist financiers in conjunction with the use of advanced technology (Vârtei, 2023). Besides, governments seem to pursue less liberal international economic policies as a counter-terrorism tool, as demonstrated by Meierrieks and Schneider (Meierrieks, Schneider, 2021).

Terrorism has significant economic repercussions, which are presented via Table 5, with indirect effects often outweighing direct costs (Brück, Wickström, 2004; UNDP, 2019). On the one hand, direct or immediate costs to the victim, the perpetrator, and the government/society that arise from the immediate aftermath of a terrorist event and can be calculated monetarily, mainly involve the casualties, hospital fees as well as the destroyed infrastructure and lost wages (Sandler, Enders, 2008; Bardwell, Iqbal, 2021).

Indirect or intangible or secondary impacts, on the other hand, which are difficult to measure, include changes in risk perception, transaction costs, demand, public finances, and economic growth, losses to private business enterprises, even fear, pain, suffering and lost quality of life (Brück, Wickström,

2004; Gaibullov, Sandler, 2019; Bardwell, Iqbal, 2021).

Indirect costs may surface as reduced growth in gross domestic product, lost foreign direct investment, reduced tourism flows, changes in inflation, increased unemployment, supply chain disruptions, increased wait times from security searches or shift of the economic activity from the formal realm to the informal one, even decrease in informal economic activity (Sandler, Enders, 2008; Shahzad et al., 2016; UNDP, 2019; Bardwell, Iqbal, 2021).

Terrorist attacks, albeit relatively cheap, on average, for the terrorists, can lead to a redirection of economic activity from investment in education, health and infrastructure to government spending, especially for defensive and pro-active security measures (Blomberg et al., 2004; Valiño et al., 2010; Samundra, 2022). It is rather widely accepted that there is no hard line to be drawn between direct and indirect costs, which both have a multiplier effect (Samundra, 2022). Instead, any distinction might at times strike as arbitrary (Sandler, Enders, 2008).

Table 5. The economic impact of terrorism according to Bardwell, Iqbal, 2021.

	Type of cost	Explanation	Examples
1.	Direct costs	The cost of violence to the victim, the perpetrator, and the government	Direct expenditure, eg. the cost of hospitalization
2.	Indirect costs	The costs accrued after the violent event	✓ Indirect economic losses ✓ Physical & physiological trauma to the victim
3.	The multiplier	The flow-on effects of direct costs; opportunity costs	Additional economic benefits that would come from alternative investment rather than dealing with violence

Source: Created by the authors

Although the incidence of terrorism may have an economically significant negative effect on growth, the macroeconomic consequences of terrorism, which differ from microeconomic

ones as shown in Table 6, are generally smaller and less persistent than those of external wars or internal conflicts (Blomberg et al., 2004).

Long-term effects may include shrinking insurance coverage stemming from the perception of greater risk and higher uncertainty, higher trade costs possibly affecting international commerce, and increased security spending with potential permanent negative effect on production factors, such as agriculture, and the level of productivity (Lenain et al. 2002; UNDP, 2019).

The ‘other costs’ of terrorism seem to comprise, among others, the impact of attacks on a government’s popularity and the possibility that terrorists use ‘inside information’ on attacks to play the stock market, as noted by Montalvo and Baumert (Montalvo, 2010; Baumert, 2010).

The impact varies among countries, with OECD economies experiencing more frequent incidents but less severe economic consequences (Blomberg et al., 2004; Gaibullov, Sandler, 2019; Ahmad et al., 2022). While globalization may have enhanced the resilience of economies to large scale shocks, it has at the same time increased the vulnerability of economies and its agents towards repercussions of initially local events like a terrorist attack (Brück et al., 2008). Overall, in the absence of large-scale attacks and with efficient risk management, the net

long-lasting macroeconomic impact is likely tangible but limited (Lenain et al., 2002).

Table 6. Micro- and macro-economic impacts of terrorism according to Brück et al., 2008.

Micro-economic impacts	Macro-economic impacts
3 main types of economic actors:	2 key variables of terrorism's repercussions on the overall state of the economy:
1.households or consumers 2.private sector or producers 3.public sector or governments	1.growth 2.trade

Source: Created by the authors

Key characteristics of the IRA

The IRA, created in 1919, during the Anglo-Irish War (1919-1921) launched a guerrilla warfare campaign against British operations. Between 1922 and the late sixties, violence acts were intermittent. The root of the Irish Conflict seems to have lied in the border drawing between Northern Ireland and Irish

Republic. Actually, it stemmed from religious-nationalist differences and discriminatory measures against minority Catholics in Northern Ireland, called “Nationalists”, who believed in reunification with Southern Ireland (Thackston, 1993).

A minority of them favoring force supplied successive generations of IRA members. By contrast, those -mainly Protestants constituting the majority in Northern Ireland- who thought Ireland should be part of the UK were labelled as “Unionists” (Thackston, 1993). Until 1969 the IRA, aiming at reunifying Ireland and restoring the Irish language and culture, consisted of a political wing (“Sinn Fein”) and a single military wing, which split into “Official” and “Provisional” armies. The latter, whose main mean of goals achieving was terrorism, is the focus of this research effort. It is noteworthy that in 2005, the IRA ended its armed campaign by announcing the attainment of its objectives only through peaceful political means (Cowell-Meyers n.d.).

In contrast to modern militant Islamic movements, which are not obviously open to negotiation, the IRA were clearly willing to engage in negotiations.

The IRA can be classified into different terrorist types, as presented in Table 7. It is an example of the second anti-colonial wave. Despite being one of the first national liberation terrorist

movements, lack of success forced it to outlive most other groups of the same wave (Rapoport, 2013) by adapting to the exigencies of newer waves (Kaplan, 2021). By the mid-1960s, after this wave had faded away, elements of the IRA engaged in ‘fusion terrorism’, that is fusing their political goals with criminality in order to survive (Kaplan, 2021).

Ideologically speaking, the IRA appertained to secular ethnonationalist/separatist terrorists despite its strong religious element (Cronin, 2003). The IRA may be further categorized as domestic terrorism. Even though it operated at national level, targeting one state (Brown, 2017), the IRA did not restrict its operations or activities to Northern Ireland (Mullins, 1988; Sacopulos, 1989; Thackston, 1993; Jackson, 2005). In terms of actors, it belonged to non-state terrorism.

Table 7. The classification of the IRA as a terrorist group

Criterion of classification	Type of terrorism
Rapoport’s wave theory	2nd anti-colonial wave (national self-determination)
Ideology	ethnonationalist/separatist with a strong religious element
Matching nationality relationships among	domestic terrorism (?)

perpetrators, victims & attack location	
Actors	non-state terrorism
Also simultaneously:	a guerilla movement (its target of attack also included military or security personnel) & urban insurgent (revolting against the established political order within a democracy)

Source: Created by the authors

There is agreement in the literature (Thackston, 1993; Penzar, Sribljinić, 2005; TRISA-Threats, 2007; Kilberg, 2012; THE IRISH TIMES, 2019) that the IRA conformed to the hierarchical structure. Nationalist groups with narrow goals, like territorial change, and a strong geographic center are more often bureaucratically organized and the larger the group, the more hierarchical the structure (Kilberg, 2012).

To better explain these, Figures 2 and 3 exemplify the IRA's vertical chain of command, control, and responsibility. Furthermore, its multilevel management structure had both strengths and weaknesses as shown in Table 8. In late 1970s, the

IRA made major organizational changes to increase security (Jackson, 2005). Its rather open, of quasi-military nature, structure, vulnerable to large-scale penetration, was replaced by a compartmented, cellular one.

Table 8. An assessment of the IRA's organizational structure according to Thackston, 1993; Jackson, 2005; TRISA-Threats, 2007; Anderson, 2017; Gill, 2017

Organization al structure:	At first, hierarchical, bureaucratic, multilevel	Later on (post-late 1970s), compartmented, cellular
Pros	<ul style="list-style-type: none"> • greater specialization of functions in subordinate cells • the difficulty inherent in one cell's knowing the identities of another gave members added security for their missions 	<ul style="list-style-type: none"> • organizational reorganization, not uniformly implemented across the group, increased the survivability of the terrorist group altogether • emphasis on secrecy & discipline rather than on number of recruits • fewer charges for paramilitary offences per year
Cons	organizational echelons	<ul style="list-style-type: none"> • the concentration

	<p>of unequal sizes and strength & its rather open, of quasi-military nature, structure -> cellular units that rarely operate together and are led by people unfamiliar to them are more susceptible to infiltration by the counterinsurgent</p>	<p>of knowledge and capability into individual components increased smaller cells' vulnerability</p> <ul style="list-style-type: none"> • weaker in practicing two principles of war [concentrating combat power at the decisive place and time (mass) and unity of effort]
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Source: Created by the authors

Fig. 2. The hierarchical organizational structure of the Provisional IRA according to Thackston, 1993; Jackson, 2005; Penzar, Srbljinović, 2005; THE IRISH TIMES, 2019

General Army Convention
(an organized meeting of delegates from intraorganizational structures)
elects a:

12-member Army Executive
("supreme authority" responsible for defining policy for the army)

appoints a:

7-member Army Council
(defines the organization's strategic and tactical direction)
Among the 7 members: a Chairperson
a Secretary
& a Chief of Staff
Its decisions are implemented by:

General Headquarters & 2 operational Divisions* (the Northern and the Southern Command)

Brigades

Battalions**

Companies***

Sections
(the smallest unit in the IRA)

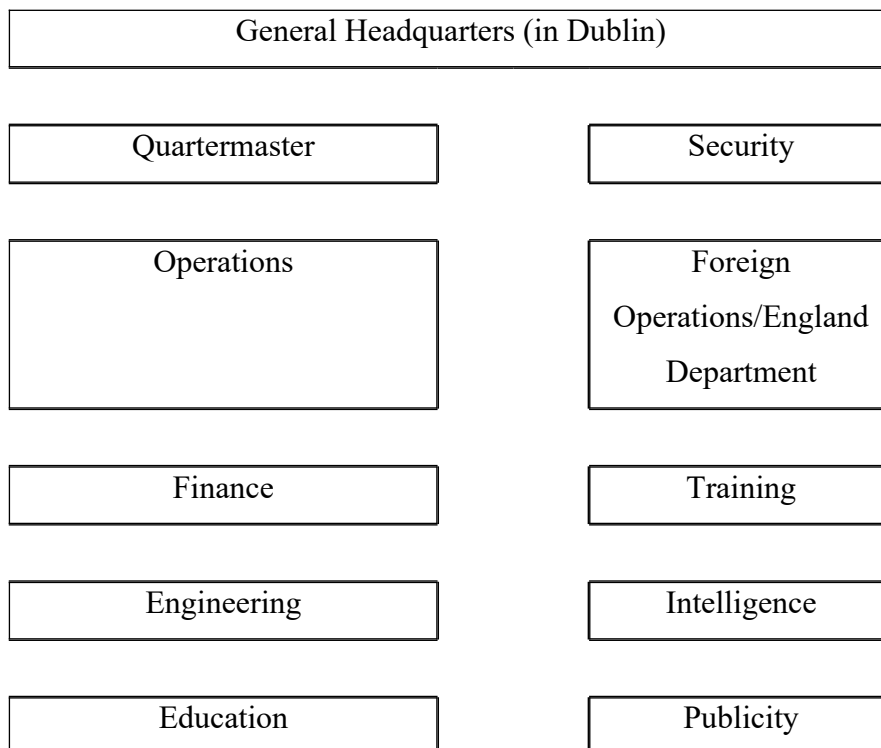
*a relatively late inclusion in the War of Independence; they were intended to become active if the truce failed and hostiles resumed

**were organized in neighboring geographical areas, and usually consisted of four or five companies.

***were usually organized at the parish/townland level, and could contain between sixty and two hundred men.

Source: Created by the authors

Fig. 3. The ten departments of the Provisional IRA General Headquarters according to Jackson, 2005



Source: Adapted by the authors

The IRA's strengths, as depicted in Table 9, accounted for its

longevity and resilience. It evidently had a plausible motivating cause and a sufficient ideology combined with a well-defined strategic goal and political operational objectives (Thackston, 1993). It also used media, like legitimate television/radio broadcasts, to publish its ideology, generate support by requesting financial assistance and arms, and threaten its opposition supporters (Thackston, 1993).

Another significant factor determining the IRA's development and survivability was its manpower. The IRA's membership relied on factors the young men had no control over; for example, birth location, family members involved in the group, and the religious ideals they had been brought up with (Anderson, 2017). Thus, IRA members, unlike other terrorist groups, were not strangers recruited by extremists over a common enemy. Most young men's involvement was perceived as social responsibility or their only option and, despite their willingness to kill, they still demonstrated a sense of what lines they were willing to cross (Anderson, 2017). This points to a difference between 'old' and 'new' terrorism, as presented in Table 10, although the IRA's actual commitment to the stated goal of minimizing civilian casualties in its operations has been disputed (Jackson, 2005). The IRA, as most terrorist groups, was a male dominated organization (Anderson, 2017).

The group's passive supporters constituted another key

determinant of the IRA's staying power. Even though the IRA enjoyed people's support in the form of food, transportation, medical aid, intelligence, etc., it was not always successful in gaining support or even ensuring neutrality regardless of its having correctly identified the populace as -in Clausewitzian terminology- the 'center of gravity' (Thackston, 1993). For example, the 1979 assassination of Lord Mountbatten, beloved British royal and World War II hero, which also killed or maimed his family members, significantly reduced public support, including financial aid (Thackston, 1993).

According to relevant literature (Cronin 2009; Kilberg, 2012; Gaibulloev et al., 2020; Tschantret et al., 2021), several other attributes of the IRA, such as size, durability and democratic regime type, were conducive to its survival and success. Firstly, democracies protect the civil liberties of terrorists. Secondly, long-lived groups have better infrastructure, logistics, and experience. Thirdly, larger terrorist groups appear to possess better survival prospects and prognosis for joining the political process after ending operations.

Table 9. The IRA's strengths and vulnerabilities, apart from organizational structure

Inner strengths (including favorable environmental conditions)	Vulnerabilities
Plausible motivating cause & sufficient ideology	Practicing mass & unity of effort
Well-defined strategic goal & operational objectives	Rare indiscriminate terror (e.g. the 1979 Lord Mountbatten assassination)
Publicity & informational power	
Manpower	
Size-durability-democracy	
Excellent operational art, proactive nature, adaptability, innovatory tactics	
Various fund-raising mechanisms, adequate infrastructure & logistical bases	
Training; exchanges with other groups	

Source: Created by the authors

The IRA also had large financial resources for sustaining its activities, as shown in the following section. Adequate infrastructure represented a critical asset of it. Domestic terrorist groups -contrary to international ones- normally possess a minimal amount of infrastructure, like safe houses for hiding, and rather small logistical networks. Sanctuary was key to the IRA's maintenance and growth. Most terrorist operations were performed in the border area between Northern Ireland and Irish Republic, allowing, thus, the IRA members to slip to the south, not to mention the Irish Republic's refusal to practice extradition (Thackston 1993).

The IRA increased its capabilities through associations with other terrorist groups, especially two-way (knowledge) exchanges, the significance of which has been questioned, however. As an underground organization, it had to train in secret and for short periods; the Green Book was probably the best-known IRA manual (Jackson, 2005).

The IRA leaders learnt a considerable amount from the Cypriot EOKA members while in English prisons in the 1950s (Edwards, Hadjiathanasiou, 2021). Moreover, terrorism techniques not previously observed in FARC operations in Colombia are indicative of the provision of sophisticated bomb construction expertise by the IRA to less experienced groups

(Edwards, Hadjiathanasiou, 2021).

in all, the IRA's capacity to learn across all fields and technologies and over time was varied (Jackson, 2005).

Table 10. Some differences between IRA and 'new terrorism'

Some differences between IRA and 'new terrorism'
<ul style="list-style-type: none"> • open to negotiation • bureaucratically organized • its members not strangers recruited by extremists; involvement perceived as social responsibility or only option • demonstrated a central code of ethics and sense of what lines they were willing to cross (rarely deliberately targeting civilians) • never resorted to suicide bombings; did not have a death wish, excluding their occasional hunger strikes (they would die in prison for the cause but would not die in the street for it)

Source: Created by the authors

The IRA's mastery of operational art was exceptional. Principles of war, such as surprise, security and maneuver, were applied remarkably well (Thackston, 1993). Great Britain's failure in eliminating the IRA, as presented in Table 11, can be attributed

to its applying military force in an unconventional conflict (Thackston, 1993). Additionally, the British overall failed to act upon the IRA's main strength source, its political infrastructure (Thackston, 1993). Arguably, Britain's excessive use of force beyond the law and of emergency legislation benefited the IRA by alienating (further) the populace (Thackston, 1993). Furthermore, the British, in spite of possessing all tools needed, seem not to have properly employed all five instruments of power –political, economic, psychological, diplomatic and military- (Thackston, 1993).

The IRA's proactive nature and adaptability through constantly improvising new tactics and weapons made them very unpredictable (Anderson, 2017). Besides, providing information about the IRA was risky in tight-knit Catholic communities, in the face of the IRA's severe punishment (Thackston, 1993). Many scholars (e.g. Jackson, 2005; Anderson, 2017; Gill, 2017; Leahy, 2020) credit the conflict's prolongation to this difficulty, to the nature of some British operations against the IRA, and the group's innovations still used today by other organizations, particularly their expertise in grenade launchers, surface-to-air missiles, or improvised explosive device technology. The IRA, though, differs from other terrorist groups in terms of tactics, as it never resorted to suicide bombings (Anderson, 2017). The IRA, in general, did not have a death wish (excluding, perhaps,

their occasional hunger strikes).

Table 11. Main counterterrorism weaknesses accounting for the IRA's sustainment

Counterterrorism Weaknesses (in the case of IRA)	
•	applying military force in an unconventional conflict
•	failure to act upon the IRA's main strength source, its political infrastructure
•	difficulty in gathering HUMINT about the IRA
•	Britain's excessive use of force beyond the law and of emergency legislation alienated the populace
•	in spite of possessing all tools needed, did not properly employ all 5 instruments of power (political, economic, psychological, diplomatic and military)

Source: Created by the authors

The economics of the IRA

As already discussed above, terrorists cannot terrorize without money. There are inherent limitations, though, accompanying the study of any violent non-state organization, its finances included, and the Provisionals are no exception. The IRA, whose annual budget was once estimated at about fifteen million US dollars (Horgan, Taylor, 1999), during the Northern Ireland

Troubles employed diverse fund-raising mechanisms, often claimed to be conducted for the relief of the IRA prisoners' families.

Certainly, the most publicized source has been NORaid, the chief Republican fund-raising organization, which was founded in USA in 1970 by former IRA volunteer Michael Flannery (Kometer, 2004) and survived government suppression as well as community dissipation through networking-building strategies (Zach, 2019), with money coming from regular charitable donations, dinners/dances/parties, and the proceeds of a pro-IRA newspaper.

The US authorities, yielding to British pressure, especially after the 1979 assassination of Lord Mountbatten, officially registered NORaid as an agent of the IRA in mid-1980s (Kometer, 2004). The UK-based academics Woodford, Smith (2018), in their well-rounded analysis of the IRA's financial resilience that concentrates on its acquisition of capital rather than on its arms dealings, after examining the few available (academically rigorous) related studies, through new research and an expanded methodology, including not only quantitative data but also qualitative sources, such as interviews and government documents, clearly challenge the unrivalled significance of the Irish-American funds.

Accordingly, contrary to popular belief, a plethora of IRA's

non-US sources of income provided the majority of the group's revenue (Woodford, Smith, 2018). The organization engaged in various organized criminal activities, like fraud (taking a percentage from prisoner welfare benefits, social security deception, illegal cultivation of narcotics, video/CD/cassette piracy, taxi scams), cigarette/alcohol/human/drug smuggling, racketeering (extorting percentages from prostitution, human smuggling, narcotics trafficking, forging of identity/travel documents, drinking clubs, taxi/bus services), kidnapping for ransom, and armed robberies (Maguire, 1993; Horgan, Taylor 1999; Woodford, Smith, 2018).

Horgan and Taylor refer to three business models, that is IRA-controlled security companies, illegal-drinking-clubs and black cabs as a "mini empire" (Horgan, Taylor, 1999). Yet, this list is not exhaustive as there were other numerous sources of income, among which donations from the Irish Republic, collection buckets, local support of Catholic churches, counterfeit money, and even a property portfolio in Belfast (Woodford, Smith 2018; Koshnisky, 2021). IRA had also developed sophisticated financial operations, such as money laundering and money-lending in the Republic of Ireland (Horgan, Taylor 2003). However, these activities were often opportunistic and not always successful (Horgan, Taylor 2003). The organization's financial strategies were influenced by the need to balance

criminal activities with political support for Sinn Fein (Horgan, Taylor 1999).

Woodford and Smith maintain that, contrary to popular depictions, the majority of IRA's members were not inherently mafia experts and despite their reticence they had to learn organized crime techniques from individuals beyond the immediate Republican movement (Woodford, Smith, 2018). Apart from Irish-American funds and domestic sources, sporadic Libyan cash contributions by the Gaddafi regime combined with weaponry donations are well documented (Adams, 1986; Moloney, 2002).

Woodford and Smith's study also provides a corrective to the under-researched role of the counter finance by exploring how the British authorities sought to interdict IRA's funding. In contrast to the general perception that little was done to counteract IRA's financing initiatives at the beginning of its violent campaign, their study shows that a subtle counter finance initiative did occur in the 1970s.

The economic consequences of the IRA's activities have been a subject of some study. Gray and Rogers both highlight the impact of the IRA's actions on the economy, with Gray (1995) focusing on the potential for peace to boost tourism and inward investment on the island, and Rogers (2000) discussing the significant economic (and political) effects of the PIRA's

protracted campaign of economic targeting, which featured prominently in statements of the group's strategic goals, against central business districts and transport systems in Britain from 1992 to 1997 (Gray, 1995; Rogers, 2000).

Jackson et al. described the range of economic effects of terrorist activities by examining in detail the 9/11 attacks by al Qaeda and the extended terrorist campaign waged by the PIRA as examples of two extremes of terrorist economic targeting: high-impact, episodic terrorism and lower-level, but extended, campaign terrorism (Jackson et al., 2007). From these, the authors develop a framework capturing the whole spectrum of costs that may result from economic targeting and use it to explore the range of defensive measures that might be used to respond to this threat.

The violence in Northern Ireland took a heavy toll of life, as a result of IRA's operations as well as of those of sympathetic or opposing terrorist groups. According to available data, more than 3,300 people died and approximately 48,000 were injured without taking into account injuries and fatalities from attacks on the British mainland and elsewhere (Jackson et al., 2007).

Considering that Northern Ireland is small, with an average population at the time of approximately 1.5 million people, these numbers are grave. PIRA's operations throughout the years intended to damage the economies of Great Britain and Northern

Ireland through: (a) attacks and hoaxes aimed at transportation networks, energy infrastructures, financial institutions, and central business districts, (b) bomb and incendiary attacks on commercial establishments and (c) assassinations of business leaders (MacLeod, 1993; Jackson et al. 2007).

Jackson et al. noted that the differences between PIRA's activities in Northern Ireland -mainly frequent small operations with added up effects over time- and those on the British mainland -occasionally much larger-scale attacks though less frequent- resulted in different to some degree economic outcomes (Jackson et al., 2007). To begin with, in Northern Ireland, even a single rifle shot missing its target, with no direct costs, still resulted in indirect costs arising from the overall environment of fear and insecurity. Compensation expenses paid by the UK government to individuals injured or to the families of those killed and for property damaged constituted major direct costs. Their values for between 1969 and 1989 were calculated (in 1982 prices) at approximately £1,192 million (Jackson et al., 2007). Compensation costs in the Republic of Ireland were much smaller due to PIRA's rare offensive operations there. The total cost of extra security by the UK government for the years 1969-1989 involving both law enforcement and military organizations amounted to approximately £9,826 million (in 1982 prices) in both Northern

Ireland and the Republic of Ireland (Jackson et al., 2007).

The cost of maintaining security staff for private-sector organizations, which was incurred by the UK government, between 1975 and 1982, came to approximately £50 million (in 1982 prices) (Jackson et al., 2007). Notably, per capita security costs in Northern Ireland were considerably higher than in the Republic (DKM Economic Consultants, 1994).

The violent environment imposed direct costs, intangible effects and a range of opportunity costs on firms operating in Northern Ireland (Jackson et al., 2007). An example of the latter involves total economic losses emerging from PIRA operations targeting the North-South electrical interconnector estimated at approximately £190 million (in 1982 prices) (Jackson et al., 2007). Unemployment rates in Northern Ireland ranged between 25 and 33 percent in 1984 (Jackson et al., 2007). Unfortunately, the increasing demand for security jobs did not dramatically reduce the overall job losses. The beginning of the intensification of the unrest coincided with a public sector expansion, which despite its shielding the economy from the full impact of the prolonged recession, constituted a huge burden for public finances, heavily maintained by subventions from the British Exchequer (DKM Economic Consultants, 1994). This also helped mitigate the decline of the manufacturing sector, but did not boost long-term productivity (Balls, Cunliffe, 2007).

While tourist industry in both parts of the island has been adversely affected by the onset of the Troubles, Northern Ireland has suffered more (Balls, Cunliffe, 2007). Emigration was another costly outcome (Martin, 1981).

Average annual GDP growth in the North in the decade prior to when the violence broke out in 1969 was almost forty percent above that in Britain, whereas, between 1969 and 1982, it was only forty percent that of Britain (New Ireland Forum, 1983). As an illustration, Dorsett in his paper that explores the effect of conflict on GDP in Northern Ireland suggests a negative impact of up to ten percent (Dorsett, 2013).

The overall total of the economic estimates for expenditures, damages, and other economic costs for IRA's operations on the region over this period is £14.8 billion (in 1982 prices) (Jackson et al., 2007).

The impact of the Troubles on industrial development, though, has been much stronger in Northern Ireland than in the Republic (DKM Economic Consultants, 1994).

In Northern Ireland, foreign direct investment, particularly from the US, went up when the prospects for peace looked good, as after the 1994 ceasefires, but fell when violence threatened to return, as after the 1996 IRA bombings (The Portland Trust, 2007).

Likewise, house prices in Northern Ireland fell in the wake of

the violence in the 1970s but began to rise again in the early 1990s when the peace process gathered momentum and the growth of manufacturing sector in Northern Ireland started to outpace that of the rest of the UK (The Portland Trust, 2007). Roadblocks adding to journey times along with more intrusive than normal security checks at air and sea ports constituted some of the largest hidden costs of the conflict under discussion (DKM Economic Consultants, 1994).

By contrast, much less quantitative data on the economic effects of the IRA operations on the UK mainland is available for various reasons (London Chamber of Commerce & Industry, 2005). The group's attacks on transportation infrastructures led to significant disruptions to traffic flow (Rogers, 2000). Its large-scale bombing operations produced damages costing more than £1 billion on several occasions (Jackson et al., 2007). As a matter of fact, prior to the 9/11 attacks, the IRA's bombing of Bishopsgate in the City of London in 1993 had been the world's most expensive terrorist attack (London Chamber of Commerce & Industry, 2005). Significant security measures were taken in response to IRA's attacks in England, accurate measures of which are not available (Jackson et al., 2007).

IRA's attacks on the British mainland -in London in particular- not only affected tourist bookings, but there was also concern that large foreign businesses would seek alternative locations for

London (Rogers, 2000). Last but not least, the costs of court proceedings against persons charged with terrorist offences and the costs of imprisoning convicted persons are also to be taken into account (DKM Economic Consultants, 1994). This was also true for the Republic.

Finally, the 1970s and 1980s, coinciding with the period of turmoil in Northern Ireland, were decades of serious public finance crisis, with expanded public sector employment, for the Republic of Ireland (DKM Economic Consultants, 1994). Although the causes of the poor economic performance of the Republic's economy over these two decades were many and complex, it is widely acknowledged that the conflict in the North provided a substantial diversion of political attention away from the routine problems of economic management (DKM Economic Consultants, 1994).

Nonetheless, Northern Ireland's economy, despite its limited progress in productivity, has made considerable advances since the 1990s and even recovered the 2008-2009 global recession and the COVID-19 pandemic (Archick, 2024).

Some observers have suggested that economic progress in the 1990s in Northern Ireland, especially greater prosperity among Catholics and economic convergence between Northern Ireland and the Republic of Ireland, accelerated the Provisionals' move away from violence (The Portland Trust, 2007). Therefore,

economic discussions became a platform for political settlement. Once the latter reduced the political and security risks firms were facing, Northern Ireland attracted significant overseas private investment, resulting in an unemployment and public sector employment decline as well as higher wages for low earners (Balls, Cunliffe 2007; Brownlow et al., 2023). Besides, economic aid through the International Fund for Ireland and the European Union Peace II Fund aimed at facilitating sustainable peacebuilding (Karari et al., 2012).

Yet, studies indicate that the historically poorest regions in Northern Ireland remain so and many of these took the brunt of the Troubles (Archick, 2024). Most critically, the most economically disadvantaged areas in Northern Ireland seem to have benefited the least from the so-called ‘peace dividend’. Above all, French and Cruise, after examining the long-lasting effect of historic exposure to the Northern Irish Troubles on current levels of civilian work incapacity, conclude that conflict has increased work disability, especially mental ill health, by 28% (French, Cruise, 2021). Similarly, Dillenburg et al. through personal accounts across a twenty-year period in Northern Ireland, confirm that people experience the effects of trauma many years after the events (Dillenburg et al., 2008).

In sum, as Brownlow argues, even if the long-run weaknesses of the Northern Ireland economy are not exclusively the result of

the Troubles, from business and government spending to education and even crime, the legacy of the Troubles still plays a role in Northern Ireland today; and this is possible to continue in the future (Brownlow, 2021).

Concluding remarks

This research effort was intended to critically analyze the IRA's economic impact from the input (financing) and the output (consequences) side in an integrated manner. The most important insights are summarized below. In the first section, some general features of terrorism were clarified. Given the definitional debates over it, relevant effective international cooperation is prevented. Later on, an overview of modern terrorism's evolution was offered, by considering different terrorist typologies and underlying conducive factors. The analysis revealed that the evolution of terrorist practices impacts on counterterrorist strategies employed.

In the second section, the economics of terrorism were explored. It was first shown that there exist five main methods of terrorist financing, namely state funding, popular support, legitimate businesses, organized crime and cybernetic financing, giving rise to the need for multifaceted countermeasures. The significant economic repercussions of terrorism were then examined. It became clear that even though there is no hard line

to be drawn between direct and indirect costs, which both have a multiplier effect, indirect effects often outweigh direct ones. It was finally depicted that the tangible macroeconomic impact of terrorism is smaller than that of wars/conflicts, with OECD economies experiencing less severe consequences.

In the third section, the IRA's key characteristics were assessed. It was first demonstrated how changes to its organizational structure aimed at increasing security. Then, the IRA's inner strengths, including favorable environmental conditions, were juxtaposed with its rather fewer in number vulnerabilities, by stressing how the IRA differed from "new terrorism" in terms of not only structure but also tactics and manpower characteristics.

In the final section, the economics of the IRA were carefully scrutinized. Against the backdrop of more recent research, it was clarified that the significance of (Irish)-American funds has been exaggerated when compared to other domestic income sources. In gauging the whole spectrum of costs -direct, indirect and "other"- resulting from IRA's protracted campaign of economic targeting, despite the lack of sufficient data on some occasions, our results suggest that the IRA negatively affected in multiple ways the British economy and even more that of Northern Ireland, and to a lesser extent that of the Irish Republic. The results also indicate that although there has been much economic improvement since the 1998 Good Friday Agreement, albeit

with gains unevenly distributed, the economy of Northern Ireland continues to be influenced by the Troubles.

From the above, we believe that identifying the IRA's mainstay and shortcomings as well as delving into its economics in conjunction with understanding how "old terrorism" differs from "new terrorism" helps formulate successful counterterrorist strategies. Most importantly, economic progress seems to be a catalyst for the peace process, while negative economic consequences are not fully reversible once terrorist campaigns end.

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